



Forest Stewardship Council®  
FSC Global Market Development

# FSC® Business value and growth

## Market Survey 2010





## FSC® Market Survey 2010



Dear Certificate Holder,

Over recent years the strength of FSC has become clearly visible in significant market milestones. On 18 March 2010, the 20,000th FSC Chain of Custody (CoC) certificate was issued, less than two years after hitting the 15,000 mark. Worldwide, more than 1,000 Forest Management certificates are issued in 79 countries. The tremendous growth conveys that FSC certification has become a driving factor in market success.

The Annual Market Survey is a global survey of certificate holder perceptions of FSC and the reality of their engagement with certification. The survey is one of the principal ways that FSC gains information about trends in the marketplace. The results of the survey help shape our market strategies and identify the most immediate priorities. The findings also inform further market research and market support initiatives, such as:

- > Trademark support to simplify logo use;
- > Smallholder Support Program;
- > FSC Marketplace website to connect buyers and suppliers;
- > Promotional materials and marketing campaigns;
- > FSC training platform.

The Annual Global Survey also provides useful information to certificate holders to promote their certification, understand the global market for FSC certified products and show their customers that FSC is the leading and most credible forest certification scheme.

To enhance the credibility of the survey and ensure unbiased and transparent results, FSC engaged the external market research agency ZEM (Zentrum für Evaluation und Methoden) from the University of Bonn, to conduct the survey. It was developed after consultation with key stakeholders and had a very good response rate

The survey was sent out in 13 languages and FSC received responses from over 3500 companies in over 29 countries. The survey results confirm that momentum is building across the entire system in developed and emerging markets worldwide.

With my best regards,



Andre de Freitas,  
FSC Director General

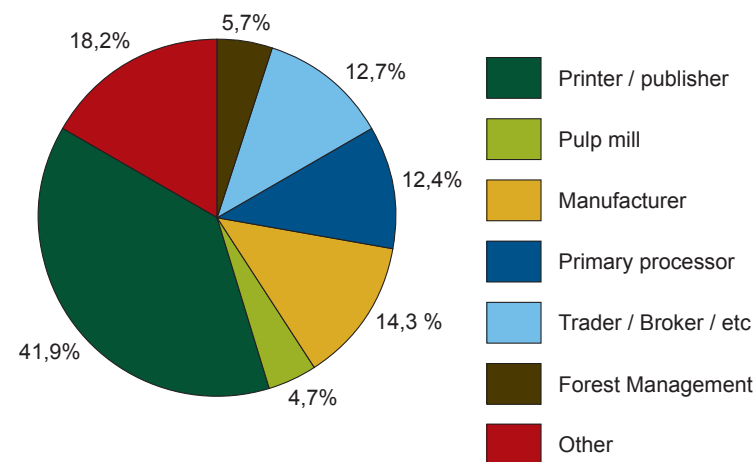


## Profile of the certified companies

### Please indicate the main focus of your company

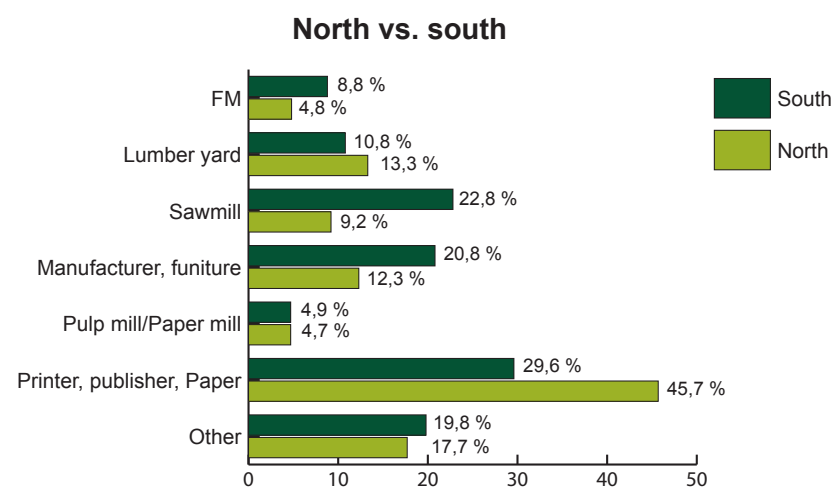
The survey was validated by FSC® and represents a realistic sample of the FSC system. Almost half of the respondents work in a company which focuses on print or publishing services - printing and publishing houses represent the majority of FSC certified companies.

FSC statistics confirm that a little over 50% of certificate holders are in the paper industry. The print sector is significant for FSC, and represents over 40% of the survey participants. When comparing north and south, in both cases the printing and publishing industry account for as much as 45,7% of certificate holders.



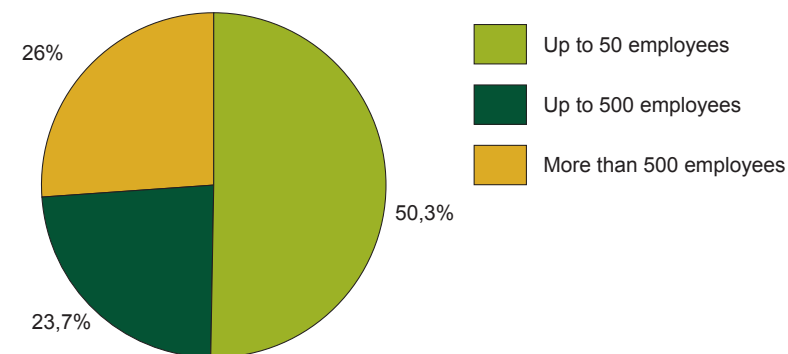
The survey showed that respondents operate at a national or regional level. When the results are further divided into industry sectors, the results show that most timber traders, forest operations, pulp mills and primary processors work equally at the national scale as they do at the international. However print matter is often produced within country boundaries.

When divided into sectors, the survey revealed that companies in the North are primarily placed within CoC-certified sectors, while companies in the South use CoC, CW-CoCs and FM-CoCs. Furthermore, most print is placed in the North while the South has more sawmills.



### FM / FM-CoC / CW-FM

#### How many employees work in your company?



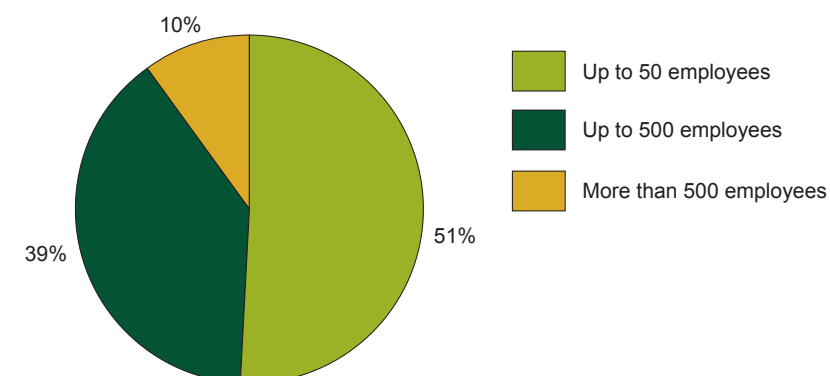
FSC found that the majority of companies were small businesses consisting of less than 50 employees.

A quarter were companies with up to 500 employees.

Generally forest management operations that have more than 500 employees manage large forest areas.

### CoC

#### How many employees work in your company?



In comparison with the FM, FM/CoC and CW/FM certificate holders, the CoC businesses are more likely to be small or medium sized companies.

**The print sector now represents over 50% of FSC certificate holders worldwide.**



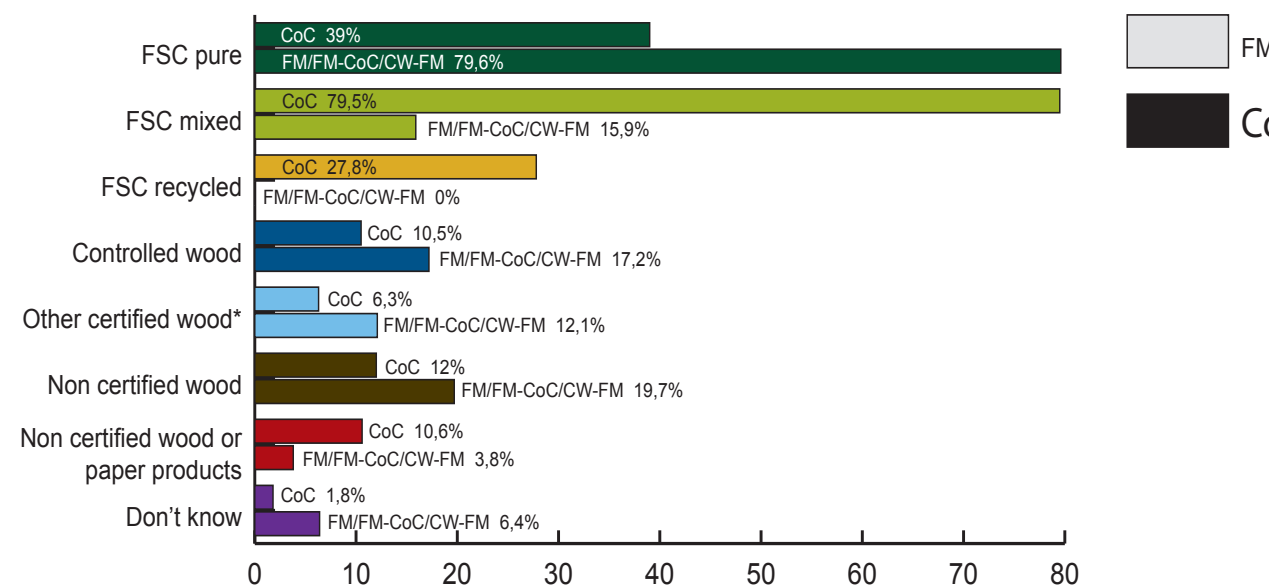
## Supply and demand of FSC® certified material

The graph on this page indicates which products the survey respondents produce or sell. The graph suggests that the majority of forest management companies sell FSC pure whereas organizations certified for CoC trade predominantly in FSC mix products.

It is interesting to note that fewer than 1 in 8 CoC certified and FM certified companies sell non-certified wood products.

This demonstrates the flexibility of the FSC label, as companies are able to gradually shift their product range into certification or maintain a full range of certified product options. Likewise the low use of non-certified products is indicative of the overall value gained through certification.

### Which kind of timber products / paper products do you sell?



Respondents were allowed to answer more than once.

\* Other certified wood" in this graph includes that of PEFC and SFI. The results showed that the majority of FSC certificate holders are not engaging in less rigorous certification schemes.

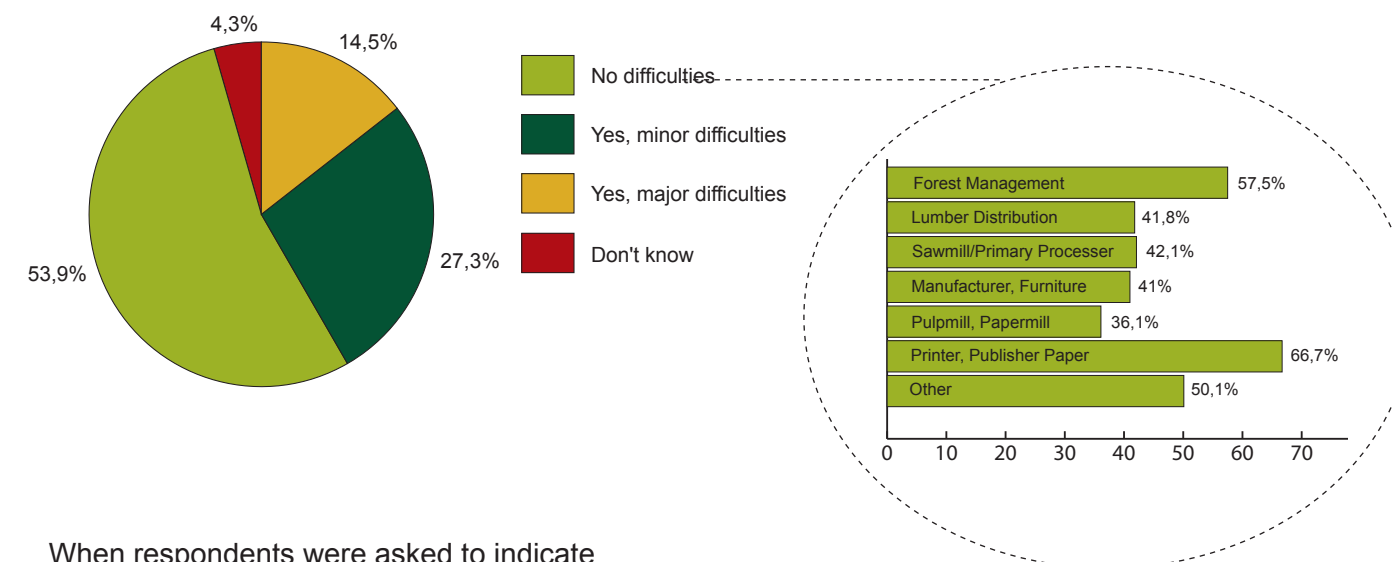
## Supply need met for majority of companies

The majority of respondents (53.9%) indicated that supplies of FSC certified timber or products were available to them.

Among those who expressed supply issues, one fourth experienced minor difficulties while only one seventh indicated major difficulties in obtaining FSC certified timber or products. 20% of primary processors and sawmills experienced major difficulties.

**53,9% have no difficulties getting enough FSC-certified material**

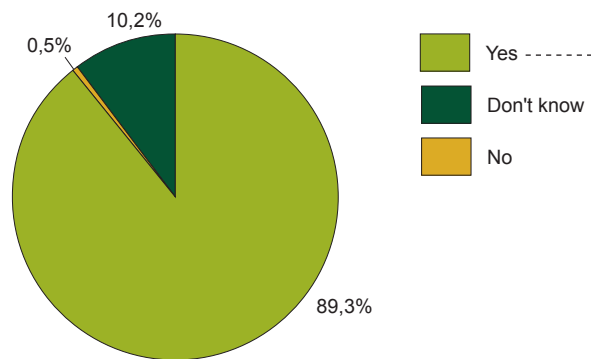
### Have you experienced difficulties in finding sufficient FSC timber/products to meet your company's needs?



When respondents were asked to indicate the precise supply shortage experienced, results indicate that there exists a mean supply shortage of 34% in the supply of FSC certified timber or products.

FSC is investing in the development of a variety of tools to create market linkages and help certificate holders grow their business.

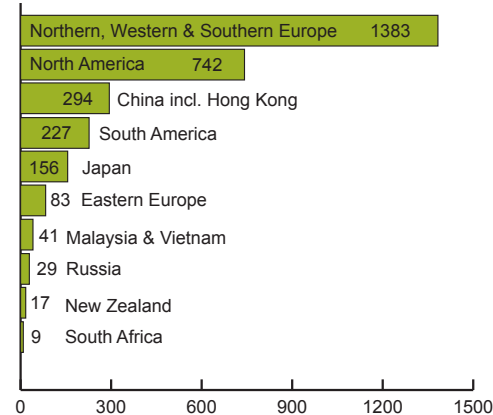
## Do you plan to keep your FSC certificate?



A total of 89.3% of respondents are satisfied with their FSC certificate and wish to maintain it. 10.2 % are unsure while only a very small fraction (0.5%) will not maintain their certificate.

The results confirm that the overall economic and marketing benefits of certification encourage certificate holders to stay in the system and this is a very positive indicator for the future.

### Regional overview: Who plans to keep their FSC certificate?



**89,3% of the certificate holders are satisfied with their certificate and wish to maintain it**

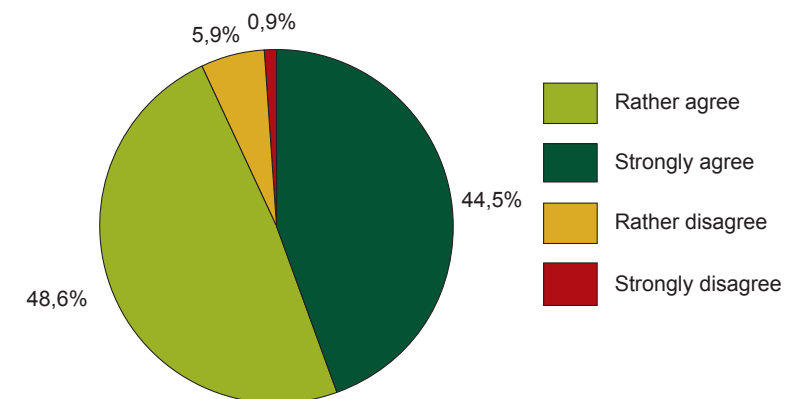
## Trust and credibility

FSC places great value in the integrity of its label and this survey has confirmed our success in fostering public trust in our products. A total of 93.1% of respondents agree that FSC is a credible organization.

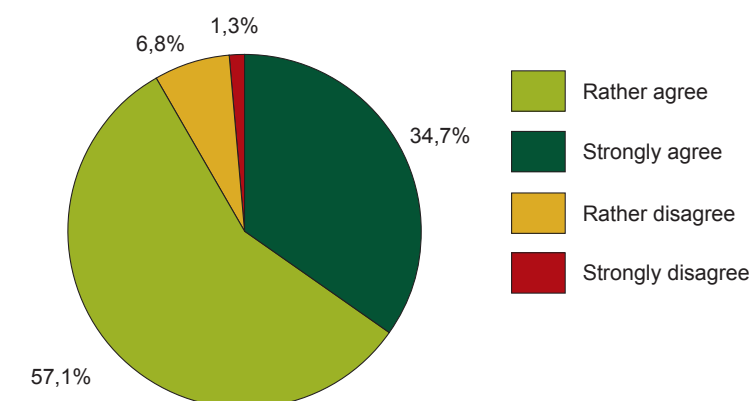
Moreover 91.8% of all respondents agree that FSC commands a leadership role towards advancing responsible forest management globally. This highlights the trust that certified companies place in the FSC label and positions FSC as the leading certification scheme.

Ultimately, trust and credibility are the cornerstones of the FSC certification system. Fostering a strong public commitment to the label is essential for FSC to succeed in promoting the environmentally sustainable, socially beneficial, and economically profitable management of the world's forests.

## Do you agree or disagree that FSC is a credible organization?



## Do you agree or disagree that FSC provides leadership in advancing globally responsible forest management?



**91,8% regard FSC to be the leading system in promoting global responsible forest management.**



## Reasons to choose FSC®

The FSC market survey shows that customer demand is an important factor when deciding whether to pursue certification.

Specifically, the print sector and paper industry placed high importance on customer demand (83%) while forest managers primarily seek certification due to their commitment to good forest management (62%).

Commitment to good forest management and corporate social responsibility (CSR) were identified as key influential factors.

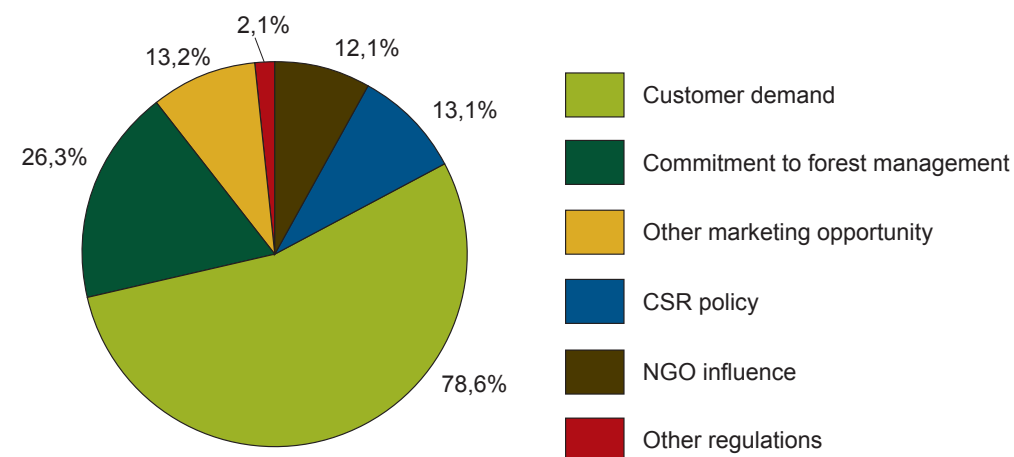
The findings indicate that the closer the certified company is to the end user, the more their product decisions are consumer driven.

The results demonstrate that growth is being driven by the high demand from end users and certified companies within the FSC system. This is a major contributing factor to the success of the FSC system.

FSC market leadership and credibility is further supported by the fact that 3/4 of the respondents indicated that they are not interested in other certification schemes and that they felt FSC was the best.

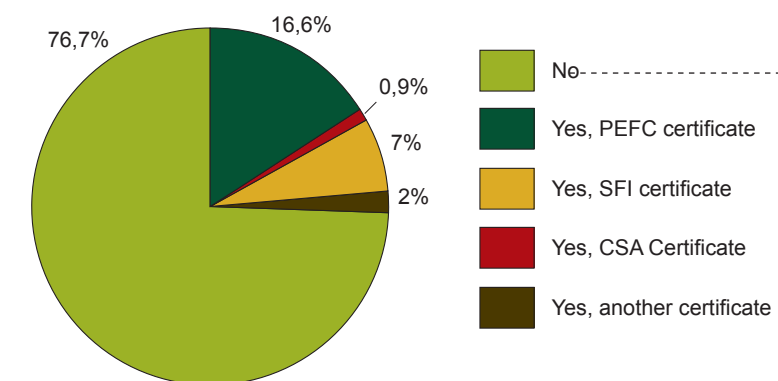
Moreover, over half of the respondents who would not consider applying for a similar forest management or timber related certificate indicated that they would not do so because they consider the FSC certificate to be the “best certificate”.

### Why did you originally choose to become FSC certified?



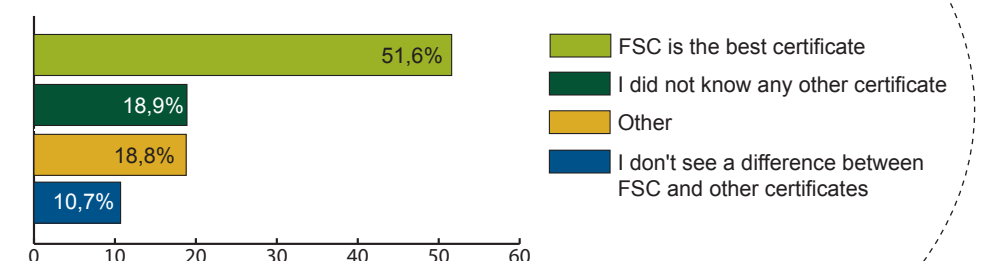
A total of 78% of the respondents state economic reasons as their reason to become certified.

### Have you ever considered seriously applying for other forest management or timber related certificates?



Respondents were allowed to answer more than once.

### Why did you not consider other forest management or timber related certificates?



## Trademark and labeling

A majority (76%) of FSC certified companies use the FSC trademark for marketing purposes.

Companies are able to use the trademark in a variety of forms. The FSC trademark is used predominantly for labeling products (73%), for use on the corporate web site (65%) and in printed advertisements (55%).

The economic benefits of being certified underlies the high usage of the FSC label as companies capitalize on high consumer awareness and demand for sustainably managed wood products.

FSC material from socially and environmentally responsible sources provides a clear differentiator in the marketplace to help companies distinguish themselves.

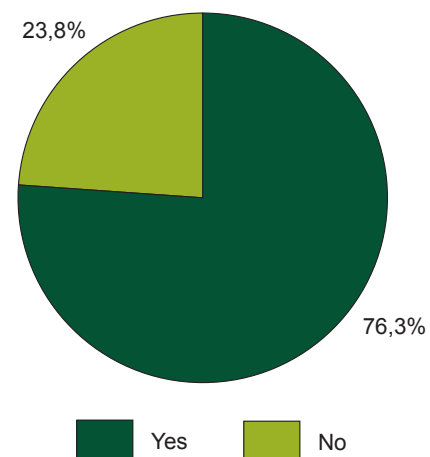
Furthermore, the growing use of the FSC trademarks on products and in advertisements increase the recognition and further drive the demand for FSC certified products worldwide.

The survey showed that trademark misuse in the FSC system is limited. FSC strives to maintain a system which is reliable, responsive and effective so that every non-compliance is addressed and resolved.

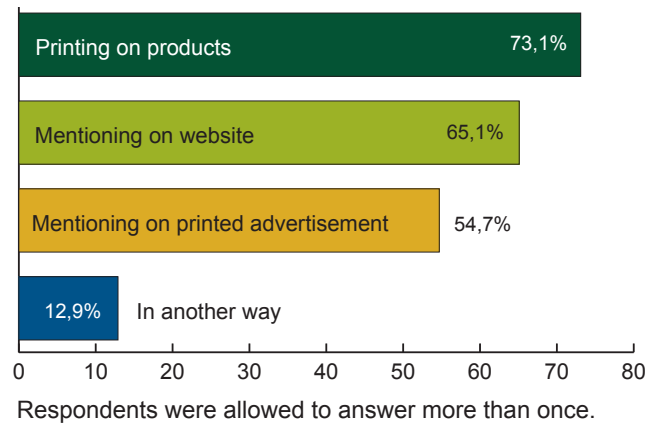
The survey revealed that when trademark misuse was witnessed, it is handled in an effective manner.

Even so, 2 in 5 respondents who witnessed a misuse did not opt to officially communicate the observed abuse. FSC is continually improving its reporting and feedback mechanisms.

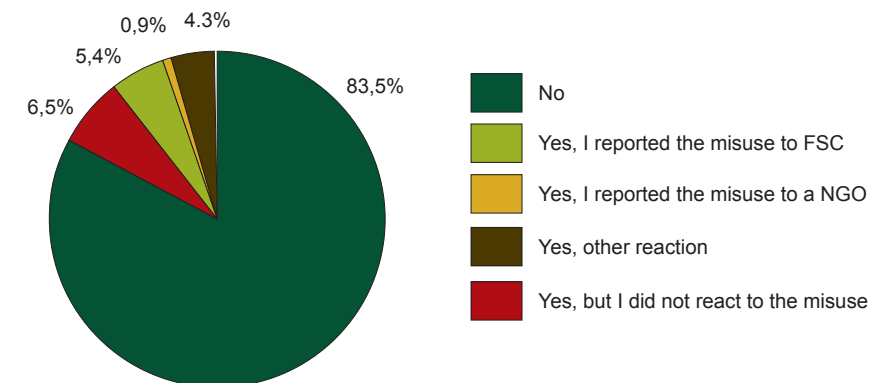
### Do you use the FSC trademark for marketing purposes?



### How do you use the FSC trademark?



### Did you ever witness misuse of the FSC label by another company?



**83,5% of the respondents haven't witnessed misuse of the FSC label.**



Benefits of FSC® certification

The 2010 FSC Global Market Survey shows that both environmental and economic factors play a key role in determining whether companies will seek certification.

Notably, reputation management is particularly important to respondents. This confirms the ever-increasing trend to build a solid, reputable brand name by meeting the consumer demand for responsible wood and paper products.

The main reasons for getting certified were economic, environmental and reputational reasons. Access to new clients was also an economic incentive that was anticipated from FSC certification.

Environmental reasons (57,7%) were also considered a main advantage for getting certified.

With regard to economic incentives, participants identified increased access to new clients, higher sales and greater client retention as the greatest incentives to pursue certification.

Moreover, retention of clients was identified by 71.2% of respondents. Increased sales and increased revenue also featured as key economic expectations.

As the graph below shows, the CoC companies had higher expectations for building and maintaining their client base when compared to forest management companies.

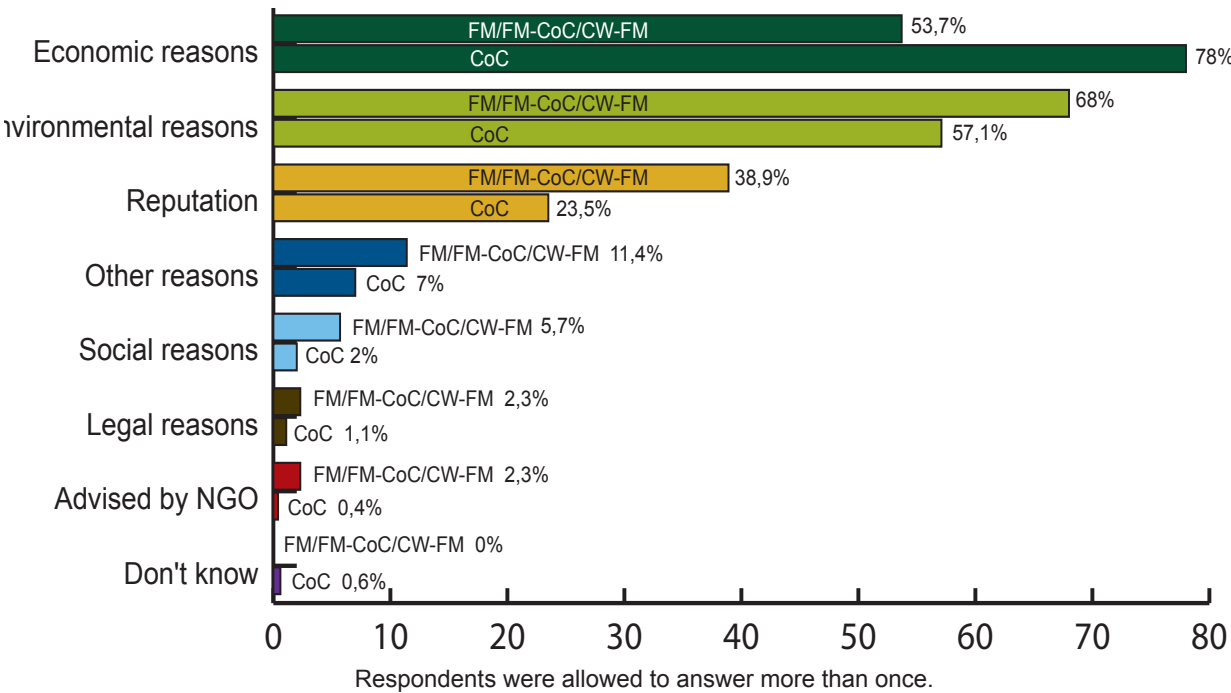
Forest Management companies had expectations of higher prices to a greater degree than CoC companies. The survey

showed there were clear expectations from forest managers for higher prices, far more so than CoC companies.

FSC is typically used as a differentiating tool and some companies do achieve higher prices for their FSC products. Price premiums vary considerably at the various levels in the supply chain. Therefore FSC is typically used as a differentiator to show CSR, commitment to social values, and environmental friendliness.

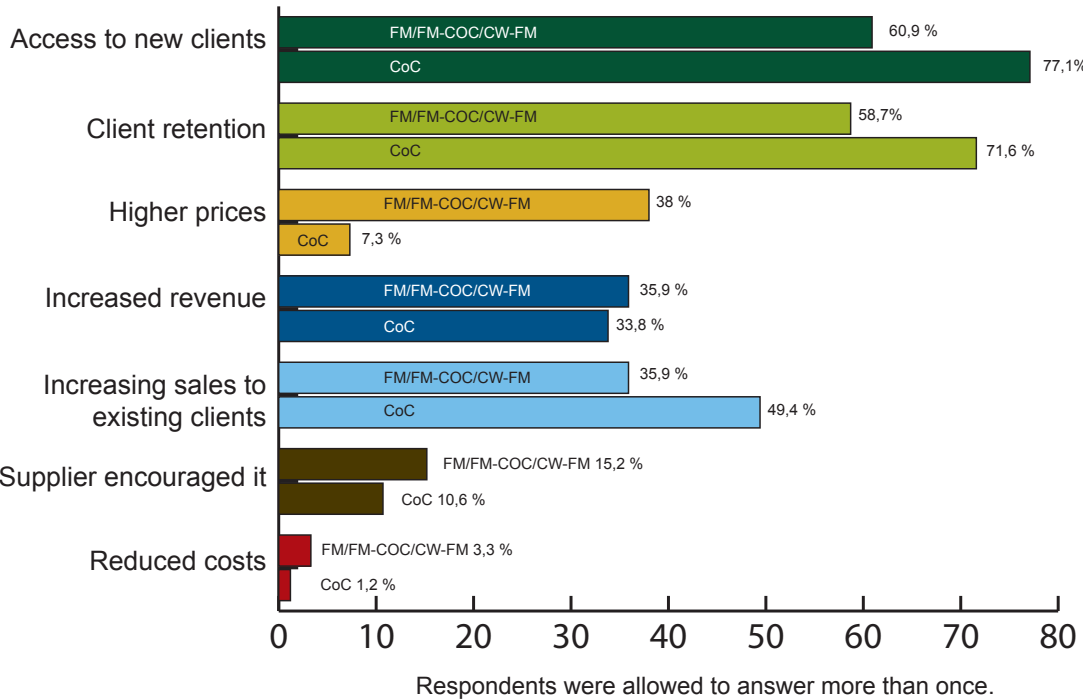
However for the forest owners, it is still mostly environmental stewardship which leads to certification, while CoCs seems to a higher extend to get certified for brand protection and market access.

Why did you get certified?



For 78% of CoC companies, economic benefits are the most important reason to become certified.

Were the following economic expectations considered when you got FSC certified?







Ultimately, economic expectations regarding client base, both potential new clients and retention of established clients, is perhaps the greatest catalyst for seeking FSC certification.

However, FSC has met and perhaps exceeded certificate holders expectations on a wide array of themes but particularly with regards to environmental and social expectations.

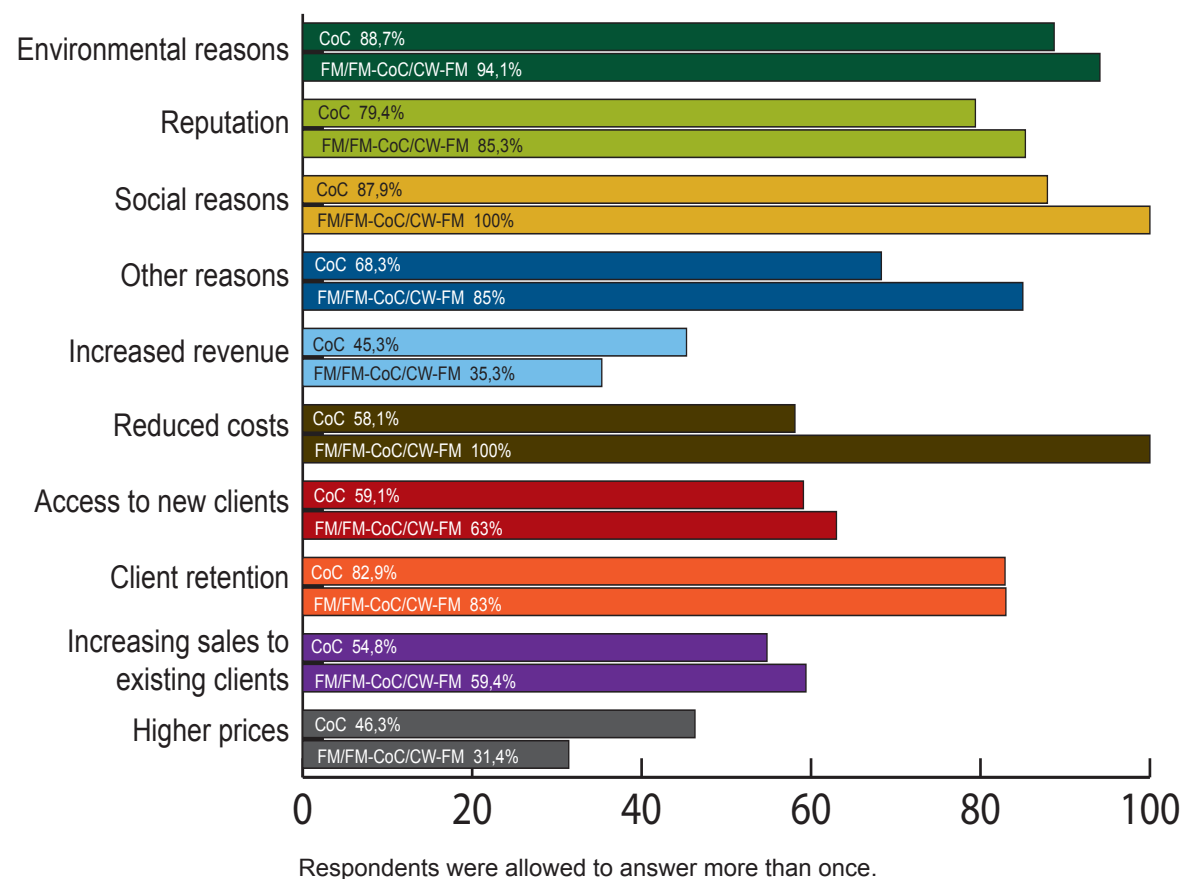
The themes “Reputation” and “Client retention” also play a considerable role; 79.9% of respondents identified an improvement in company reputation while 82.9% claimed an

improvement in the client retention as a direct result of FSC certification.

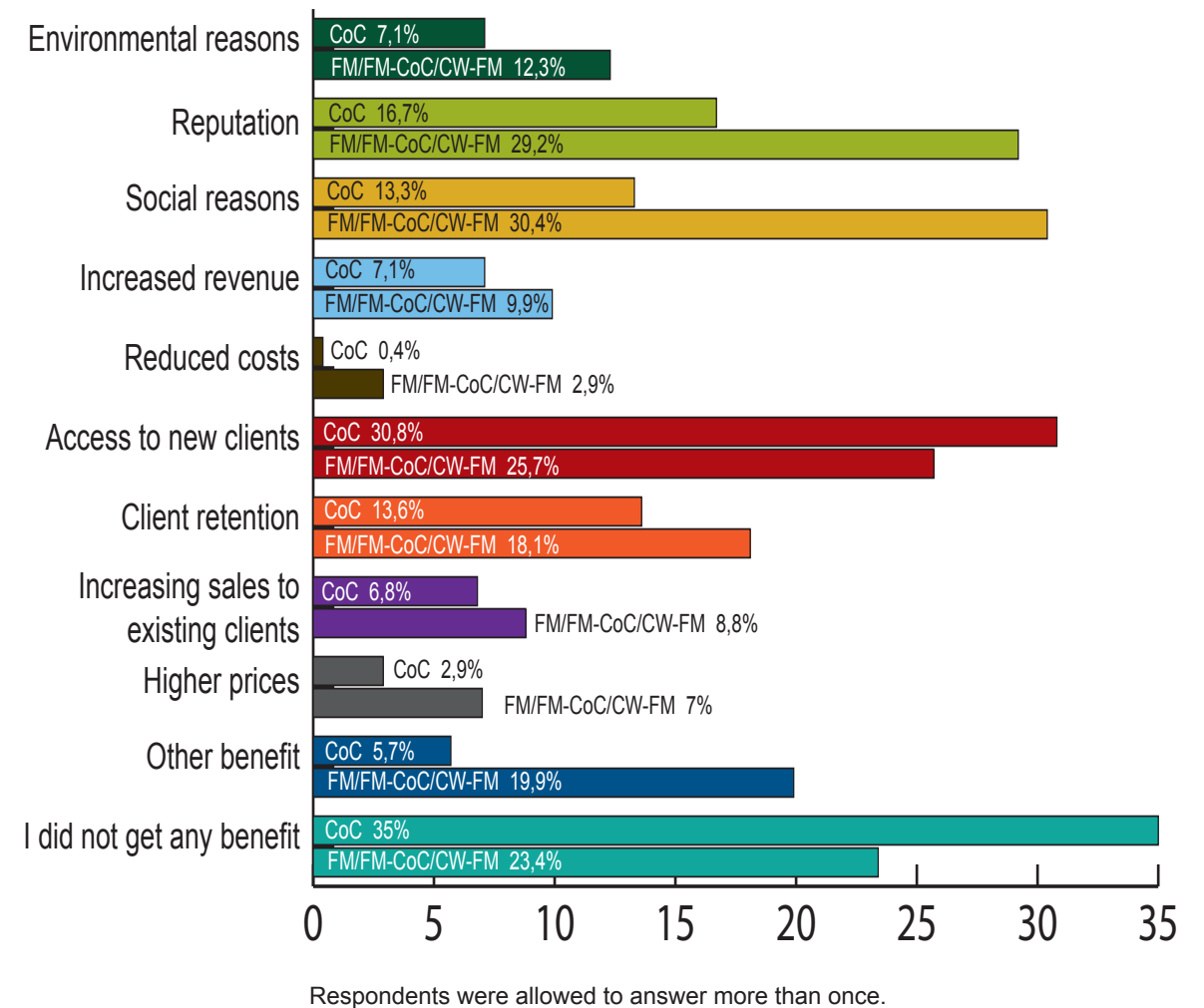
The majority confirmed that FSC met their expectations. Moreover, when asked whether they had experienced any unexpected benefits from their certificate, 31% answered that certification gave them access to new clients.

This reconfirms that FSC certification provides businesses with a competitive advantage.

#### Overall, has the FSC certificate met your expectations considering...



#### Did you get any benefit of your FSC certification that you did not expect?



100% of the forest management companies stated that the FSC certificate has met their expectations with regards to reduced costs.



Services and Contact to FSC®

The respondents of this survey typically use different channels of communication to contact FSC. As the two following graphs show, the most common ways of communicating with FSC are via e-mail and the FSC homepage.

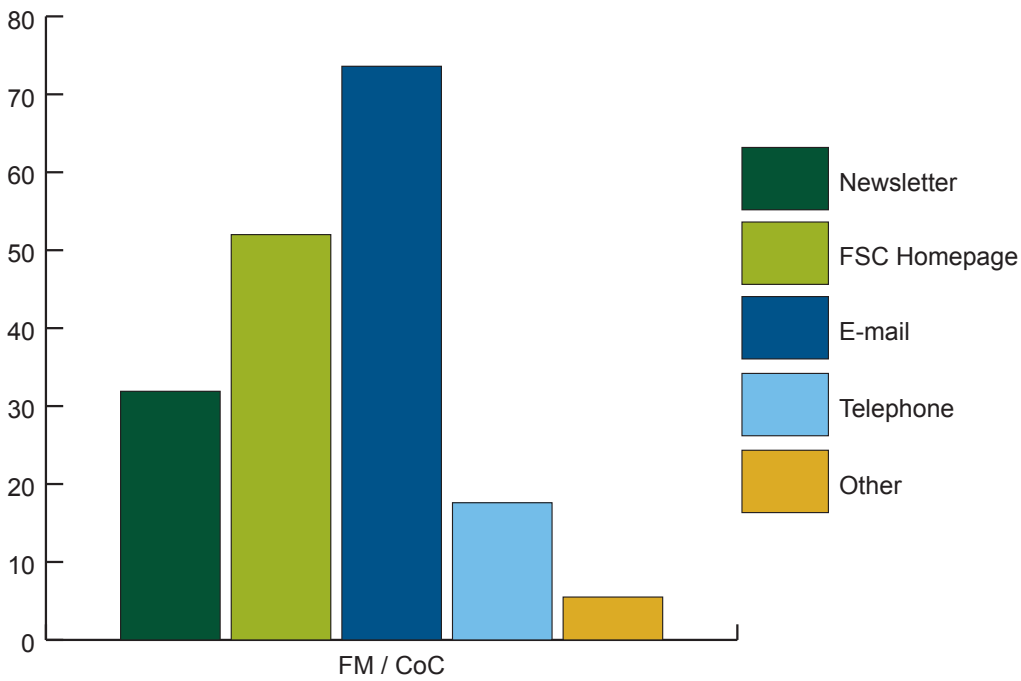
FSC has a regional network of partners in over 50 countries around the world who offer services to certificate holders in the local language and are always available to help certificate holders succeed with FSC in the market.

The label generator is used by 73,6% of the companies.

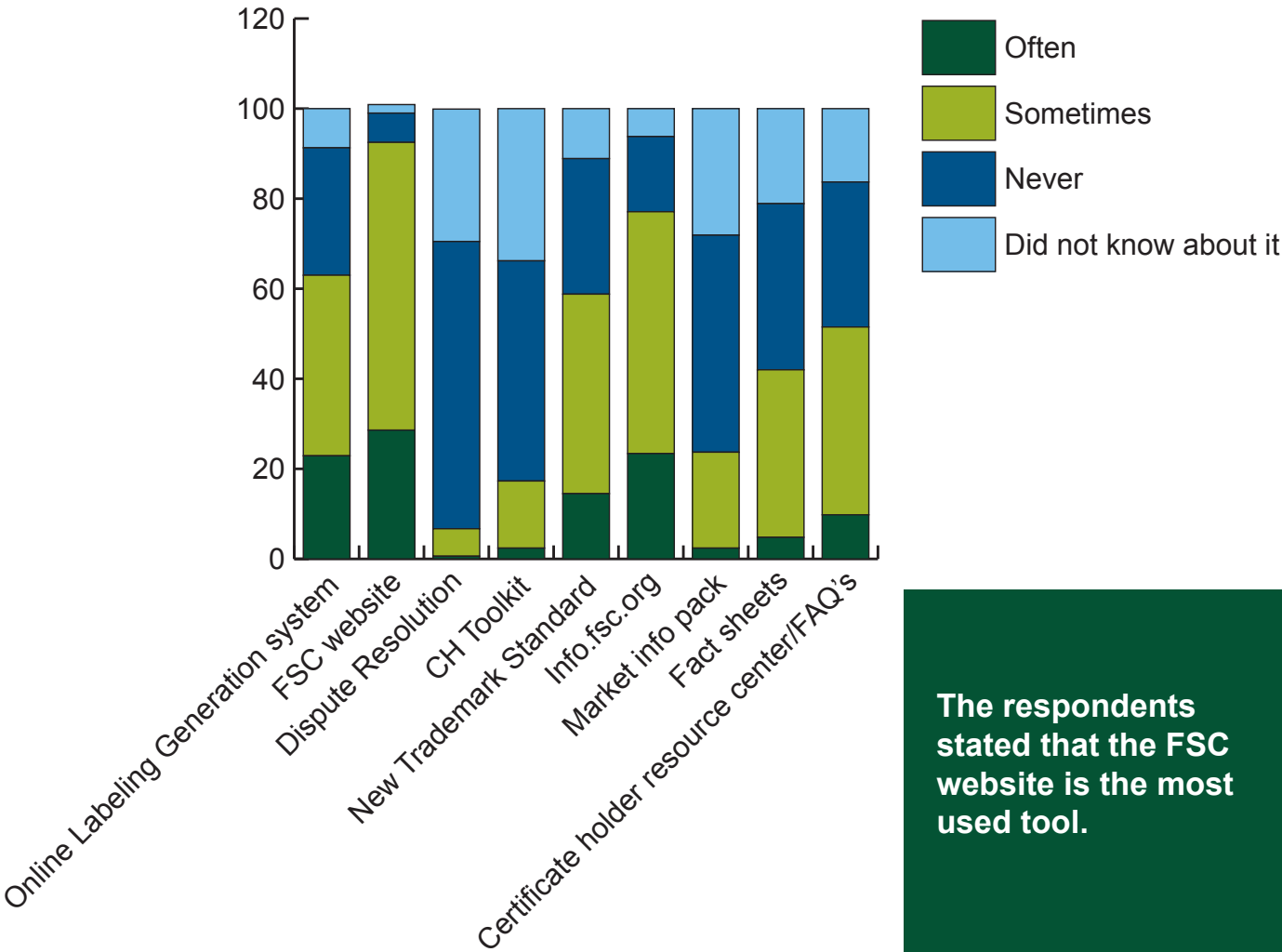
FSC is pleased to be able to offer several tools and services to FSC certificate holders. However, the survey showed that not all certificate holders were making best use of these services.

We are pleased to see that most certificate holders use our website resources and we will continue to develop these in response to feedback from stakeholders.

Please specify the method of contact with FSC



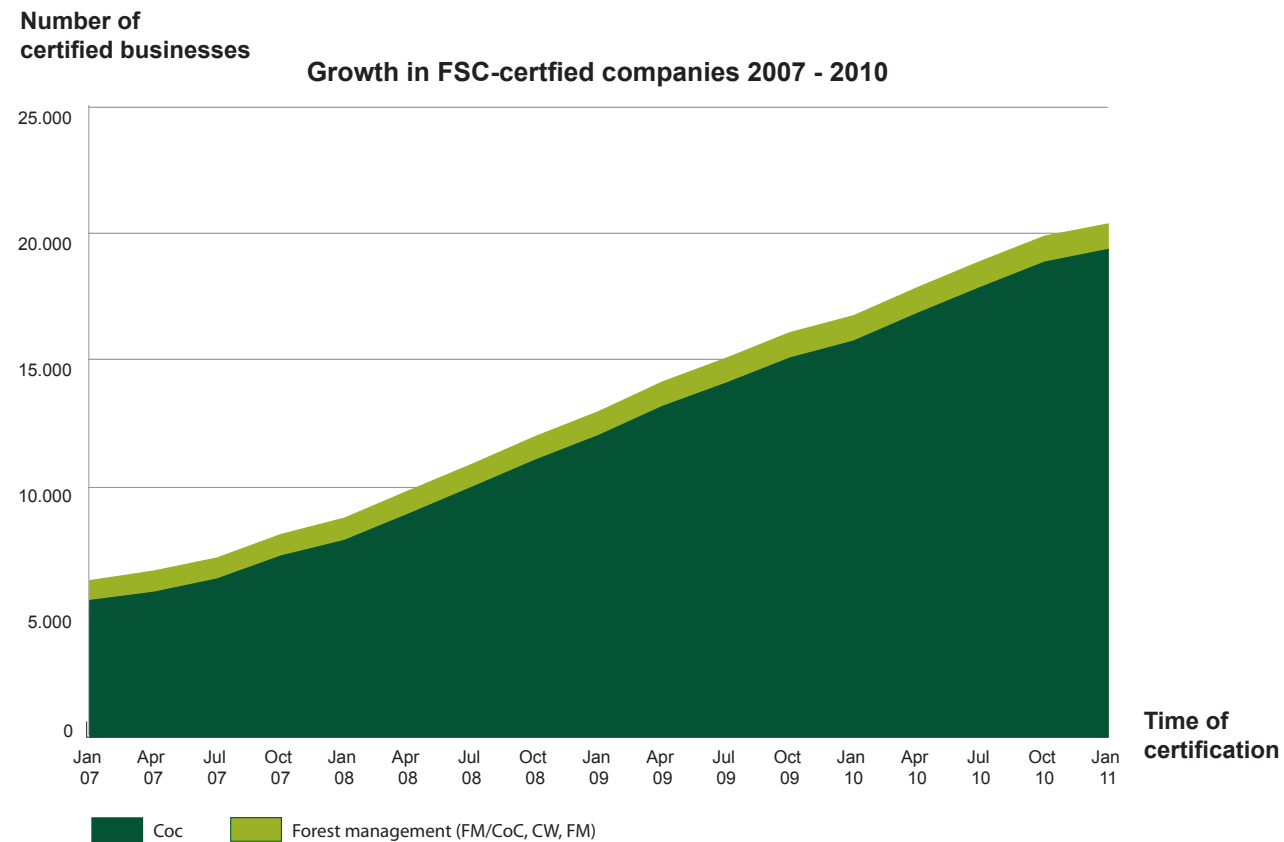
Which FSC provided tools do you use?



The respondents stated that the FSC website is the most used tool.



## Number of certified businesses from 2007 - 2011



The graph above highlights the impressive growth of FSC certification worldwide. Over a very short time period of only 4 years, the number of FSC certified businesses has nearly quadrupled.

This incredible growth has established the FSC system as the fastest growing certification scheme in the world. FSC certification makes

it possible companies to increase their competitive advantage and enhance their annual revenue.

This growth is also a testament to the marketability and credibility of the FSC system, sentiments which have resonated throughout this survey in respondents feedback.



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